

New Cross Country Franchise

Consultation Document

June 2006

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Executive Summary

The New Cross Country franchise is due to commence on 11 November 2007. It combines the current Cross Country franchise with parts of the current Central Trains franchise.

The current Cross Country franchise has been very successful – passenger numbers have grown from around 12 million to over 20 million per annum. This growth has, however, led to high levels of crowding on some services.

The crowding tends to occur around the core of the Cross Country network but varies by time of day, day of the week and even by time of the year. The challenge is to focus any additional capacity where it is most needed.

The DfT wants to achieve a new franchise which builds on the success of the current franchise, delivering high quality rail services across Great Britain, centred on Birmingham, serving an expanding market. Key features of the specification for the new franchise are:

- to achieve sustainable value for money from the new franchise, providing the opportunity to plan a service pattern which drives up patronage and revenue to drive down subsidy, freeing up funds for infrastructure investment;
- addressing current crowding and allowing for future growth;
- creating a timetable structure that is aligned with the new West Coast timetable, optimises the scarce network capacity especially in the West Midlands area, and that allows resources to be better matched to demand;
- improving performance still further.

Finally, it is important to place this franchise consultation in the context of more general work on rail planning. Route Utilisation Strategies and Regional Planning Assessments look forward over a 10-20 year time horizon. Next year the Government will publish its first High Level Output Specification to be accompanied by a 30 year rail strategy (further details can be found at the DfT website). A number of consistent themes run through this work. These include responding to the central challenges of demand and capacity, as well as wider considerations such as future ticketing systems or environmental impacts and opportunities. In designing the New Cross Country franchise we need to prepare it to meet these challenges. Crucially, that means optimising performance, operations and costs in order to build in the maximum amount of flexibility to respond to what may be a rapidly-developing rail agenda.

This consultation document sets out the proposed specification that short-listed bidders will be asked to price, seeks views from stakeholders on this specification and any increments or decrements that they would like to see considered as priced options. The closing date for consultation responses is 7 August 2006.

1. Introduction

The New Cross Country franchise is due to commence on 11th November 2007. It embraces the current Central Trains' service groups from Cardiff to Nottingham, Birmingham to Nottingham and Birmingham to Stansted Airport and the radial Cross Country service groups currently provided by Virgin Trains. This decision was announced in Autumn 2005 by the Secretary of State.

The Department for Transport issued a Prior Information Notice on 9th February 2006 advising that DfT will be inviting expressions of interest from potential bidders with the issue of a UK Advert in June 2006. It is expected that short-listed applicants will be announced in September 2006 and these will receive the Invitation To Tender (ITT) around the end of October 2006.

The franchise will be for an 8 year and 4 month term which DfT will be able to terminate after 6 years should certain performance criteria not be met.

The purpose of this document is:

- To inform stakeholders of the process for awarding the New Cross Country franchise;
- To provide stakeholders with a review of the current franchise operations which will be incorporated within the New Cross Country franchise area;
- To advise stakeholders of the objectives and expectations for the franchise;
- To inform stakeholders of the proposed DfT base franchise specification; and
- To give stakeholders the opportunity to comment on the proposed DfT base franchise specification, and to notify the DfT formally of any specific increments or decrements to the base specification they may wish to purchase as part of the franchise.

There are a number of studies that have assessed parts of the New Cross Country franchise area and these have been considered as part of the development of this specification. These are:

- Strategic Rail Authority (SRA)'s West Midlands Route Utilisation Strategy
- SRA's Great Western Route Utilisation Strategy
- DfT's West Midlands Regional Planning Assessment (to be published)
- DfT's North East Regional Planning Assessment
- DfT's North West Regional Planning Assessment (to be published)

- DfT's Eastern Regional Planning Assessment
- Network Rail's South Western Route Utilisation Strategy
- DfT's Southern Regional Planning Assessment (to be published)

Route Utilisation Strategies

The Strategic Rail Authority (SRA) published the West Midlands RUS in July 2005.

The Government's White Paper *The Future of Rail* conferred additional responsibilities for industry planning on Network Rail, including responsibility for the production of Route Utilisation Strategies (RUS) formerly undertaken by the Strategic Rail Authority (SRA). The purpose of a RUS is to seek to balance capacity, passenger and freight demand, operational performance and cost.

RUSs will form the basis for the development and delivery of timetables, infrastructure maintenance and renewals for the network. They will also underpin the development of the franchise specification and will contribute to the Government's High Level Output Statement (recommendations for enhancing and/or improving the rail network).

Network Rail has developed a programme of RUSs which they plan to undertake over the next couple of years. They published the South Western RUS in March 2006 and a number of others are currently in progress including North West, East Coast Main Line and Scotland. More details can be found at www.networkrail.co.uk

DfT Regional Planning Assessments (RPA)

The objective of RPAs is to develop understanding of the priorities for development of the railway over the next 5-20 years in the wider context of planning policy and strategy at the regional scale. The RPAs thus have a longer time horizon than the RUSs and aim to establish the objectives for the railway within the wider transport system in meeting regional needs.

Regional Planning Assessments for Eastern England and North East England were published by DfT in February and March 2006 respectively and are available on the DfT website. Regional Planning Assessments for West Midlands, North West and Southern England are yet to be published. Transport Scotland aims to publish a Scotland Planning Assessment during summer 2006 and Welsh Assembly Government and DfT are currently jointly working on a Wales Planning Assessment, which will be published in due course.

RPAs are the interface between the railway planning framework and the regional planning strategies. In the case of the New Cross Country franchise the relevant spatial strategies are the South West; South East; West Midlands; East of England, East Midlands; North East, North West, Yorkshire & the Humber, the Wales Spatial Plan and equivalent documents in Scotland.

The DfT has taken account of the relevant RPAs and RUSs in formulating the specification for the New Cross Country franchise.

Document structure

The remainder of this consultation document is set out as follows:

- Section 2 describes the franchise procurement process, and the key timescales;
- Section 3 reviews the current franchises serving the New Cross Country network to provide a baseline upon which the franchise specification has been developed;
- Section 4 builds upon the previous section in conjunction with wider industry objectives to provide the objectives that underpin the franchise specification;
- Section 5 describes the proposed DfT base franchise specification, including the assumptions underpinning the development of the specification, the treatment of major and third party schemes, and the proposed service pattern;
- Section 6 relates to the bidding process, the requirement for bidders to price increments and decrements, and the opportunities for bidders to offer alternatives;
- Section 7 describes the process for including priced options in the ITT;
- Section 8 describes a number of major infrastructure schemes/projects that will or could have an impact upon the franchise during its term;
- Section 9 outlines a number of projects currently promoted by 3rd parties that could be implemented during the franchise term, subject to funding; and
- Section 10 describes the response process to this consultation document.

This document may be downloaded from the DfT website at www.dft.gov.uk/railways.

A particular requirement over the coming months, prior to the Invitation to Tender (ITT) in Autumn 2006, is to determine any increments and decrements that stakeholders would like to be included. These will be reflected in the ITT as priced options should the case for their inclusion be adjudged as likely to:

- comply with the objectives of the franchise;
- be operationally robust;
- demonstrate value for money; and
- capable of being funded by the stakeholder(s).

The deadline for the submission of these increments and decrements will be the close of the consultation period, 7 August 2006.

Over the next few months the ITT documentation will be prepared. The ITT is the basis upon which bidders must submit their bids, and needs to describe accurately what it is that the DfT wishes to procure from the market. It will also set out the criteria for the evaluation of bids.

It is expected that bids will be returned in February 2007, approximately 120 days after the issue of the ITT. The DfT expects to award the franchise during summer 2007.

The franchise start date will be 11 November 2007, with a term of 8 years and 4 months.

To summarise, the key dates within the New Cross Country franchise process are as follows:

Issue UK Advert inviting Expressions of Interest to run the New Cross Country franchise from November 2007	June 2006
Issue Consultation Document to Stakeholders with draft of proposed franchise specification	8 June 2006
Deadline for return of Expressions of Interest from UK Advert	July 2006
Final Submission Date for Consultation Responses	7 August 2006
Announcement of Bidder Short-list	September 2006
Issue Invitation to Tender to Short-listed Bidders	October 2006
Deadline for Submission of Bids	February 2007
Announcement of Successful Bidder	Summer 2007
Start of New Cross Country franchise	11 November 2007

3. New Cross Country Business Review

This section describes the scope and scale of current operations on the service groups which will be incorporated in the New Cross Country franchise.

The services to be included in the franchise will replace those operated by the current Cross Country Trains franchise and some of the 'Citylink' services operated by the Central Trains franchise, based on routes radiating from Birmingham to:

- Bristol, Paignton, Plymouth and Penzance (Cross Country)
- Reading and Bournemouth (Cross Country)
- Manchester (Cross Country)
- Derby, Sheffield, Doncaster, Leeds, Newcastle, Edinburgh and Aberdeen (Cross Country)
- Gloucester and Cardiff (Central)
- Nottingham (Central)
- Peterborough, Cambridge and Stansted Airport (Central)

Appendix 1 shows a map of the stations to be served by the new franchise.

Current Franchises

Virgin Rail Group currently operates the Cross Country Trains franchise through its operating subsidiary, CrossCountry Trains Limited. Virgin Rail Group is jointly owned by Virgin Management (51%) and Stagecoach plc (49%).

National Express Group currently operates the Central Trains franchise through its operating subsidiary, Central Trains Limited.

The original Cross Country franchise was awarded in January 1997 for a 15 year period. However, since July 2002 the franchise has been operated under the terms of a Letter of Agreement between Virgin Rail Group and the Strategic Rail Authority which requires budgets to be agreed annually and which allows for 'no default' termination of the franchise. Notice has been given of termination of the existing Cross Country Trains franchise on 11 November 2007, to permit the start of the new franchises at that time.

The original Central Trains franchise was awarded in March 1997 for 7 years. A deed of amendment was signed in October 2003 for an extension of the franchise to 31 March 2006. In October 2005 the Secretary of State announced a proposal to re-map the Central Trains franchise, involving three distinct groups of services being merged with services from the Cross Country, Silverlink and Midland Mainline franchises respectively to create three new franchises, New Cross Country, West Midlands and East Midlands. The Central Trains franchise has been extended by a further 19 months to November 2007 to enable the new franchises to be let simultaneously from 11 November 2007.

Current Cross Country Business

The Cross Country franchise operates a network of long distance “Intercity” services radiating from Birmingham linking cities in England, Scotland and Wales. The ‘core’ of the network provides a half hourly service between Birmingham and each of Bristol, Manchester, Reading and Newcastle. Some services extend as far as Penzance, Brighton and Aberdeen.

Cross Country services generally operate long distances (typically more than 200 miles) many of which overlap with those of other operators while providing a distinctive service offering in at least two ways:

- Providing “Intercity” speed and quality for through journeys across the country, with limited stops, avoiding the changes in London or elsewhere which might otherwise deter passengers choosing to travel by rail;
- Providing “Intercity” radial links to and from Birmingham of a speed, quality and range of direct connections only otherwise available to and from London.

A key characteristic of the Cross Country service is therefore the provision of through journey opportunities of Inter-City quality, avoiding London. However, in addition they also serve many local, shorter distance markets (typically 20-50 miles) where at peak times, Cross Country services are often heavily used by commuters.

During the autumn of 2002, Virgin re-launched the Cross Country brand with its ‘Operation Princess’ initiative. This involved a major revision of the timetable based on a ‘clock face’ pattern and considerably increased frequencies.

The initial timetable experienced some teething problems with crowding and very poor performance. By 2004, action had been taken to make the timetable more reliable. Liverpool and Blackpool were no longer served by Cross Country and the service frequency to Gloucester and Cardiff was reduced significantly.

In the national context, Cross Country’s contribution is significant for longer distance rail travel. Figures from 2004/05 show:

- farebox revenue of £227 million, 5% of the national total;
- passenger journeys of 19 million, 2% of the national total; and
- passenger kilometres of 2.5 billion, 6% of the national total.

Central Trains 'Citylink' Business

The Central Trains franchise operates a mixture of urban, rural and inter-urban services across an extensive network which stretches from Cardiff to Doncaster and from Liverpool to Norwich. The inter-urban services are branded 'Citylink' and include the following routes which will be incorporated in the New Cross Country franchise:

- Birmingham – Leicester – Peterborough – Cambridge – Stansted (currently typically at hourly intervals)
- Cardiff – Birmingham – Nottingham (currently typically at hourly intervals)

In addition, Central Trains operate a Hereford – Worcester – Birmingham – Nottingham service (currently typically at hourly intervals). Central Trains are proposing to split this service in December 2006 into separate Hereford – Birmingham and Birmingham – Nottingham services to improve performance. Only the Birmingham – Nottingham service will be incorporated in the New Cross Country franchise, while the Hereford – Birmingham service group will be in the new West Midlands franchise.

These services accounted for almost 30% of Central Trains' revenue (£33m in 2004/05), 16% of passenger journeys (7 million) and 28% of passenger-km (400 million).

Demand, Revenue and Crowding

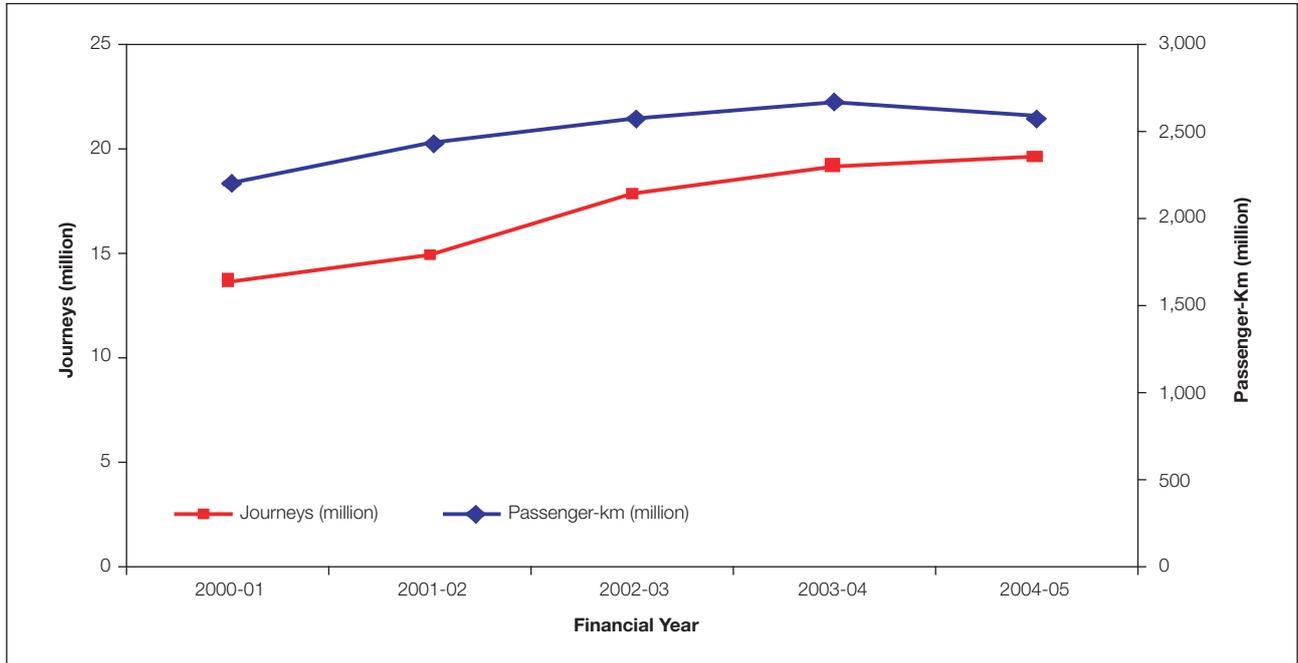
Cross Country

The Cross Country franchise requires an annual subsidy of over £150m per annum. Whilst this compares unfavourably with other Inter-City operators, Cross Country differs in that, by definition, none of its routes serve London and therefore it does not benefit from the stronger demand associated with serving London.

The Cross Country network provides linkages between the regions. A significant proportion of the market served is by way of connecting with other regional operators. Around 40% of passengers using Cross Country services begin or end their journey on another operators' train.

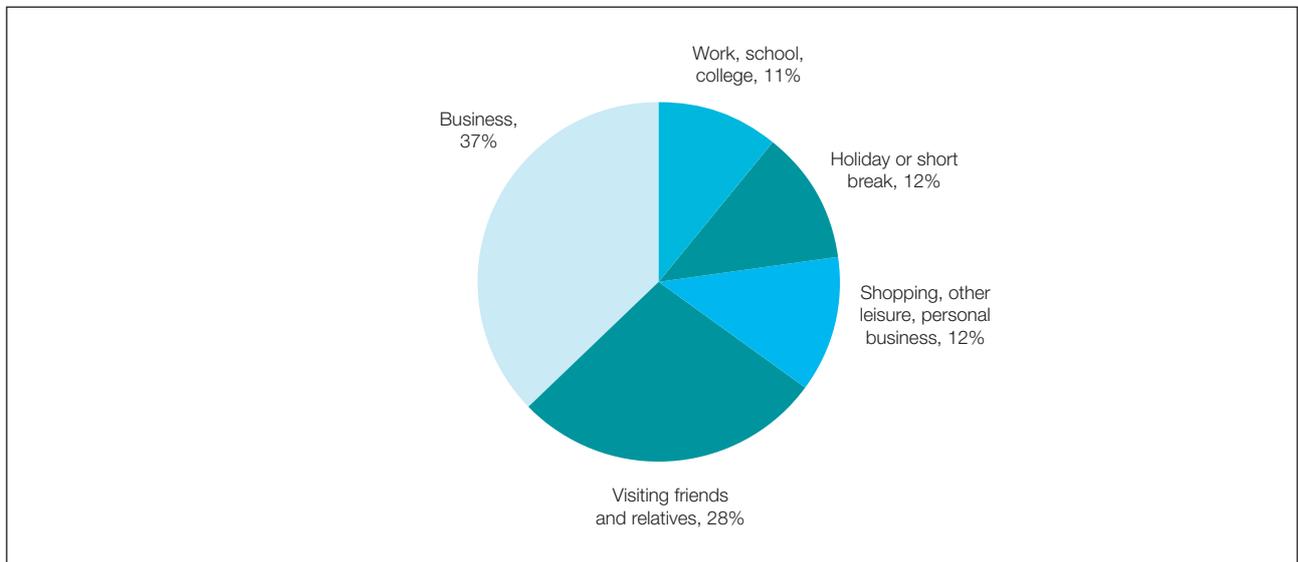
In 2004/5, Cross Country carried over 19 million passengers, representing an increase of over 40% over 3 years (see Figure 1 below).

Figure 1: Historic trend in Cross Country passenger journeys and passenger-km



By far the largest segment of Cross Country’s market is leisure; however there is also a significant volume of journey to work and business travel.

Figure 2: Cross Country Users by Journey Purpose¹



Since the frequency of services was enhanced in 2002, business journeys have increased by 54%². Although only 2.3% of journeys made in 2004/5 were with First Class tickets, these represented 10% of total revenue.

¹ Source: Virgin Train ‘Cross Country Fact File’ February 2006.

² Source: Virgin Train ‘Cross Country Fact File’ May 2005.

Many Cross Country journeys are relatively long, although with a significant level of commuter traffic, around a third of revenue and journeys have an average length of just 50 miles.

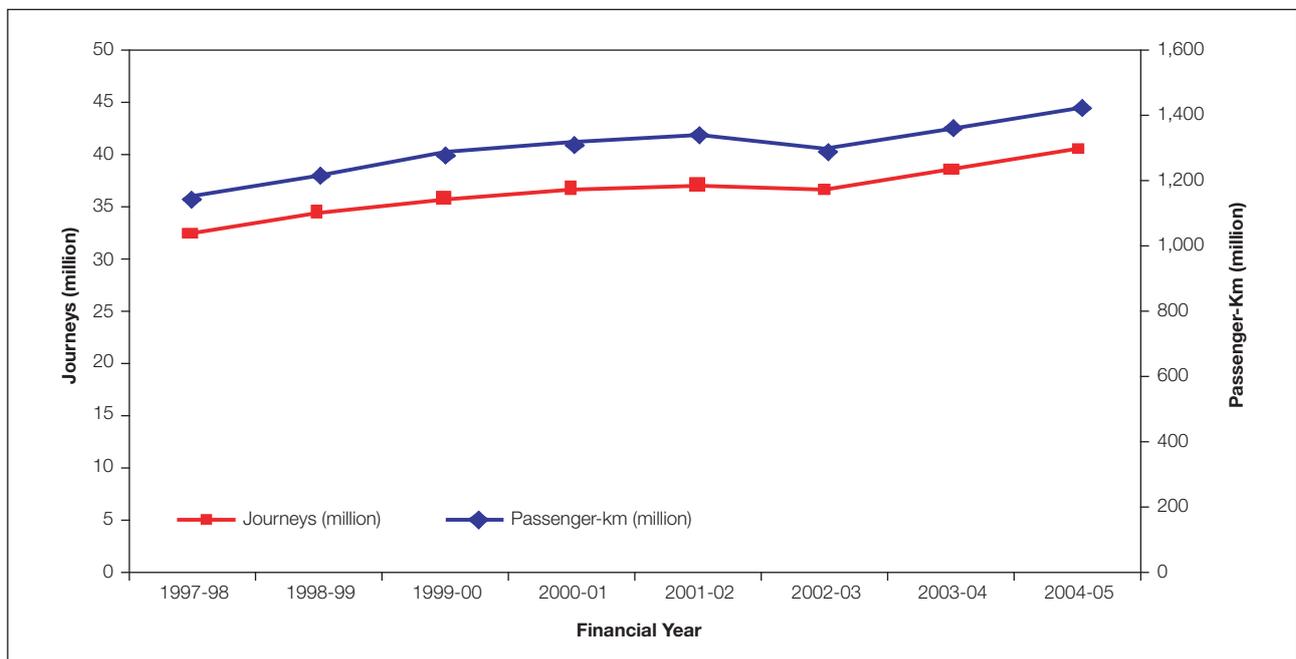
Despite efforts to match capacity better to demand, including the provision of double units (8-car Voyager formations) on some trains, continued growth has led to significant crowding problems, especially around peak travel times on Fridays, Sunday afternoons and during holiday periods. Crowding hotspots include the Birmingham and Reading areas and Sheffield to York.

Crowding problems are not confined only to Standard Class accommodation. Crowding is also increasingly frequent in First Class.

Central Trains

Passenger demand in the Central Trains franchise has grown significantly between 1997 and 2005 and crowding in the Birmingham area has become an issue, particularly during the peak periods. Central Trains is a high subsidy franchise, with a high cost base reflecting the disparate service groups and low-earning demand flows.

Figure 3: Historic trend in Central Trains passenger journeys and passenger-km



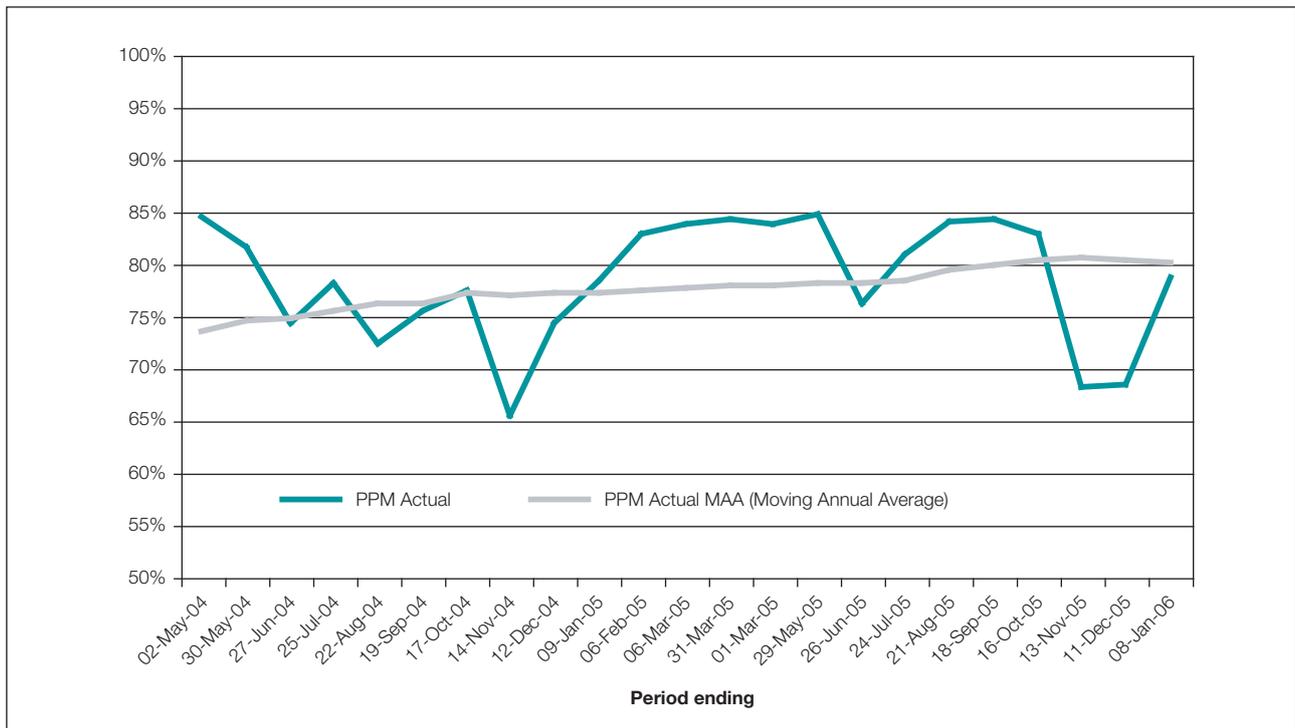
Central Trains' inter-urban 'Citylink' services which include the Nottingham-Cardiff and Birmingham-Standed routes generated revenue of £57m in 2004 derived from 10 million passenger journeys.

Operations and Resources

Cross Country Performance

The Cross Country franchise has seen an improving trend in its performance. The Public Performance Measure (PPM) for Cross Country measures the percentage of trains arriving within 10 minutes of the planned destination arrival time. The moving annual average PPM for the franchise rose from 73% in April 2004 to 80% in January 2006. Figure 4 below describes the Cross Country PPM between April 2004 and January 2006.

Figure 4: Cross Country Performance (PPM) since May 2004



The approaches to Birmingham New Street station are particularly busy. Since a number of Cross Country services arrive on one side of the station and depart from another, they cross the approach tracks, reducing overall capacity. As the pattern of services is different throughout the day, there is no consistently available spare capacity to be exploited.

Central Trains performance

The Public Performance Measure (PPM) for Central Trains measures the percentage of trains arriving within 5 minutes of the planned destination arrival time. Central Trains’ moving annual average PPM score for the year to December 2005 was 76.6%, an improvement of 2.5 percentage points on the previous year.

The services operating on the Nottingham to Hereford and Nottingham to Cardiff routes are among the poorest performing within the Central Trains franchise. The moving annual average (MAA) PPM for Central’s services on the Cardiff, Hereford and Stansted routes are shown in Table 1 below.

Table 1: Central Trains Performance (PPM), November 2005

Route	PPM Actual Nov 2005	PPM Target Nov 2005	PPM MAA year to Nov 2005	PPM MAA year to Nov 2004
Cardiff to Nottingham	54.9%	55.8%	59.7%	55.2%
Hereford to Nottingham	56.2%	58.4%	57.1%	57.1%
Birmingham to Stansted Airport	69.8%	70.4%	74.0%	73.3%

There is no single explanation for the relatively poor performance. Probable contributory factors are – the complexity of operations across disparate geographic areas, congestion in the corridors through Birmingham New Street, unreliable rolling stock and a labour dispute during 2005. Sections of the Hereford route are formed of a single track making train services on this line more susceptible to consequential delays. Central Trains has recently changed its organisation and has unified rolling stock maintenance control to improve train reliability. As noted above, the service between Hereford to Nottingham is to be split at Birmingham to improve performance.

Rolling Stock

Cross Country Fleet

Since the franchise commenced in 1997, the original fleet of locomotive-hauled and HST rolling stock have been replaced with new 'Voyager' rolling stock. This was completed by summer 2004. Today, Cross Country's operations are fully integrated using 78 Voyager 125mph Diesel Multiple Units supplied and maintained under a train service agreement with Bombardier. There are three sub-classes as shown in Table 2.

Table 2: Cross Country Passenger Rolling Stock, May 2006

Unit Class	Traction type	Vehicles per unit/ vehicle length	Seats per unit	Number of units
220 Voyager	Diesel, non-tilting	4 x 23m	160 Std 26 First	34
221 Super Voyager	Diesel, tilting	4 x 23m	160 Std 26 First	4
221 Super Voyager	Diesel, tilting	5 x 23m	220 Std 26 First	40
				78

All of these units are maintained at Central Rivers depot near Burton-on-Trent, with servicing at satellite depots at various locations around the country. To operate the present services 67 train units have to be in service each weekday (plus 2 for hire to Virgin West Coast) requiring an availability of 86%.

The tilting units are able to operate faster on the West Coast main line north of Stafford and services operating over this route are diagrammed for operation with Class 221 tilting units.

Central Trains Fleet

Central Trains operate the franchise with a mixed fleet of diesel and electric multiple units of varying age. The 'Citylink' services on the Cardiff, Nottingham and Stansted routes are largely operated by Class 158 and Class 170 air conditioned diesel multiple units which are configured in two and three car formations. Details of these trains are shown in Table 3.

Table 3: Central Trains 'Citylink' Passenger Rolling Stock, May 2006

Unit Class	Traction type	Maximum Speed	Vehicles per unit/length	Seats per unit	Number of units
158	Diesel	90 mph	2 x 23m	138 Std	11
170	Diesel	100 mph	2 x 23m	122 Std	30
170	Diesel	100 mph	3 x 23m	169-196 Std	23
					64

Central's DMU fleet is maintained at Tyseley in Birmingham with some work carried out at satellite depots in Nottingham and Cambridge. Servicing and cleaning also takes place at Worcester, Birmingham New Street, and Norwich.

Summary

There are similarities between the types of operation and the markets served by Cross Country and by Central's 'Citylink' services on the routes between Birmingham, Cardiff, Nottingham and Stansted. All have experienced recent growth in patronage and they share the route between Cheltenham Spa, Birmingham and Derby.

4. Objectives for the New Cross Country Franchise

A key starting point for the development of the franchise specification, and associated business case, is the establishment of clear objectives for each franchise. Initial feasibility work and a subsequent review of the New Cross Country business identified the following objectives:

- To achieve sustainable value for money of the new franchise within the constraints of the overall franchise budget;
- To improve operational performance of Cross Country trains to contribute towards national performance targets;
- To seek to accommodate current and anticipated future growth in passenger demand;
- To seek to improve alignment with stakeholder aspirations;
- To realise the benefits to the franchise from the West Coast Route Modernisation programme;
- To facilitate locally sponsored increments and decrements;
- To ensure alignment of the cross country service specification with the specification of other Train Operating Companies across the Network; and
- To seek to improve accessibility for all to Cross Country services.

5. The Proposed DfT Base Case Specification

This section sets out the proposed DfT base specification. It contains a range of options as to how the franchise objectives could be addressed through the specification, including the proposed service pattern.

In particular, the proposed service pattern endeavours to create a structure that enables options for reducing crowding to be developed by bidders.

Demand Forecasts

The specification has been determined using a forecasting framework based on that used in standard rail industry models (Passenger Demand Forecasting Handbook, version 4 [PDFH4]). This allows a number of exogenous drivers to be modelled, as well as the forecast impacts of service quality changes and fare increases. An important element of the process has been to ensure that the PDFH4 demand drivers and elasticities provide a suitable representation of recent demand growth for the different market segments.

The demand forecasting model developed is based upon the 2004/5 LENNON dataset for flows involving the franchise area. Individual flows were allocated to different ticket types, and this formed the basis of the subsequent modelling.

The growth drivers in the model include: population; economic (GDP, Central London Employment (CLE)); car ownership; car journey time; fuel cost; and fares. The model calculates the impact on demand, revenue, and passenger miles of each of the growth drivers and then combines these to produce an overall effect.

Forecast data from TEMPRO for population, employment and car ownership used the policy-based data set, and regional GDP forecasts were adopted. Changes in car journey time were based on forecasts of increases in journey times by road type from the National Road Traffic Forecasts. Forecast changes in fuel cost from the DTI were used.

Fares

Commuter fares and protected fares are assumed to be capped at RPI +1% throughout the franchise term, consistent with the government's current fares policy.

The new franchise is expected to be innovative in the use of new technology in order to achieve increased revenue, make access to the network easier and more attractive to current passengers and potential passengers and to make efficient use of capacity.

In particular, the bidders will be expected to explore ways of utilising Smartcard and other technology to:

- review retailing strategy;
- to offer new products including tickets priced according to time of travel; and
- to improve ease of public access to information on the services of the franchise.

In implementing these new approaches the franchisee would be expected to actively participate in establishing a common industry approach to the developments so that any changes to the current retailing and ticketing arrangements retain the spirit of the current Network Benefits, providing a single, national passenger-facing framework.

Rolling Stock

The DfT expect to see a realistic rolling stock strategy presented for the period of the franchise that addresses solutions to the current crowding issues. The DfT will welcome submissions from bidders which may include one or more of these concepts:

- Longer trains;
- Additional rolling stock;
- Changes to the interior layout, including the mix of first and standard class provision.

Rolling Stock Maintenance

Bidders will be expected to demonstrate an efficient and effective use of the extensive range of fleet maintenance services and stabling facilities available within the New Cross Country area in their bids, and to propose both a depot strategy and a depot and maintenance plan.

Demand Management

Bidders will be expected to demonstrate how they would use modern demand management tools to spread loading across trains and make best use of available capacity.

Service Pattern

Bidders will be asked to commit to meeting a base specification for the franchise. Amongst other things this includes a specification of train services as a Service Level Commitment (SLC). There will be two service level commitments: SLC1, which will operate from November 2007 to December 2008; and SLC2 which will operate from December 2008 until the end of the franchise. This approach reflects the major timetable changes which will be implemented in December 2008 following completion of the West Coast Main Line Route Modernisation.

SLC1 and SLC2 form a minimum Base Case specification and bidders will be able to propose additional services by means of Alternative Tenders. Whilst SLC2 sets out the minimum train service level from December 2008, the bidders will be expected to respond to changes in demand and respond to any opportunities that arise from any changes to the railway infrastructure throughout the life of the franchise.

SLC1 will be largely based on the timetable operated today.

The wider changes associated with SLC2 are best introduced when the West Coast Route Modernisation has been completed. This allows the New Cross Country, West Coast and other franchise service patterns to be optimised, specifically in the West Midlands area. The franchise specification is therefore likely to contain a timetable structure consistent with the West Coast Route Modernisation and agreed with Network Rail for the core of the franchise area. The bidders will be required to use this timetable structure.

In order to allow additional capacity to be targeted where it is most needed, the DfT is considering the re-structuring of the cross country network to create six, simple, service groups:

- Plymouth to Edinburgh via Leeds (with some extensions to/from Penzance & Aberdeen);
- Reading to Newcastle (via Doncaster);
- Bristol to Manchester;
- Bournemouth to Manchester (via Coventry);
- Cardiff to Nottingham;
- Stansted and Cambridge to Birmingham.

This structure would have the following benefits:

- it allows additional capacity, particularly in the form of longer trains to be provided where they are most needed to reduce crowding and accommodate future growth;
- the simple structure, with a regular interval timetable, should result in better performance on the approaches to Birmingham New Street;
- in the longer term, this structure would allow the best use of the limited capacity at Birmingham New Street;
- it would provide for a new hourly service between Manchester and Bristol, where demand is strong despite a lack of through trains.

Bidders would be asked to set out their proposals for how they would use these paths to accommodate existing demand and how future growth would be accommodated.

North West

It is proposed that services that currently operate between Birmingham and Scotland via the West Coast main line will, in SLC2, operate in a self contained manner with these trains all terminating at Birmingham. This will allow these services to be better pathed on the West Coast main line and hence have faster journey times. Furthermore, there are synergies in this service being operated by West Coast Trains. Operation of this service by West Coast reduces the number of operators on the northern part of the West Coast main line, keeps tilt operation within one train operating company and gives West Coast trains a small diesel fleet to use on non-electrified diversionary routes during engineering work. The latter point is crucial to maintaining a through service from Glasgow to London via the West Coast on the 20 weekends per year when the non-electrified lines are used. DfT is therefore in discussions with Virgin Rail Group about the possibility that the services between Birmingham and Scotland are operated by West Coast trains.

Cross Country currently operate a number of services between Manchester and Scotland. It is proposed that these services will cease and the rolling stock will be used to operate services between North Wales and London. However, it is proposed that Trans Pennine Express (TPE) extend their existing services from Manchester Airport to the North West on to Glasgow and Edinburgh. The frequency of these services will be not less than that operated by Cross Country today and the journey times will be similar.

It is proposed to speed up the services between Manchester and Birmingham to give shorter journey times between these two key cities. These services will stop at Stockport, Wilmslow, Crewe and Wolverhampton on one service in each hour and to Stockport, Macclesfield, Stoke and Wolverhampton on the other service each hour. Other stations will be served by a new West Midlands service between Birmingham and Manchester and by the existing service between Birmingham and Liverpool. It is expected that Stafford will still be served by New Cross Country in the peak.

However, passengers from stations between Warrington and Glasgow travelling to stations to the south and south west of Birmingham (and vice versa) would need to change trains in future.

North East

There are no changes proposed to the overall level of services from Edinburgh and Newcastle to Birmingham via the East Coast main line, although trains from Edinburgh will go to the South West and trains from Newcastle will go to Reading.

South East

There are currently three trains per day between Reading and Gatwick/Brighton either via Guildford or via Kensington Olympia. From December 2006, the new Greater Western franchise will operate a half hourly service between Reading and Gatwick and there are many trains from Gatwick to Brighton. With this high frequency service on these two corridors, the DfT is proposing that the New Cross Country franchise will not operate services east of Reading.

There are no changes proposed to the overall level of services from Bournemouth and Southampton, although all these trains will go to Manchester.

South West

There are no changes proposed to the overall level of services from the South West of England, although all trains to/from south of Bristol will go to the East Midlands, Yorkshire, North East England and Edinburgh.

Midlands and East Anglia

There are no changes proposed to the overall levels of service on the routes between Nottingham and Cardiff and between Stansted and Birmingham.

Summary

By not operating services between Reading and Gatwick/Brighton, it is possible to redeploy rolling stock to the core of the New Cross Country network, strengthening some services which will reduce crowding.

The revised structure of the timetable means that further rolling stock could be introduced, to further reduce crowding. Specifically, it is proposed that the specification will require trains to have more carriages than today.

In summary, the proposed service frequencies for the New Cross Country franchise are:

Frequency	Between	
Two trains per hour	Birmingham	Bristol Manchester Newcastle Reading Nottingham
One train per hour	Birmingham	Plymouth Edinburgh Bournemouth Cambridge/Stansted Cardiff
Three trains per day	Birmingham	Penzance Dundee
One train per day	Birmingham	Aberdeen

Community Rail Strategy

The DfT is keen to see improvements in the financial performance and usefulness of local and rural railway lines through the application of the Community Rail Development Strategy. The Strategy (published in November 2004 and available on the DfT website) sets out pragmatic and practical steps that can be taken to increase revenue, reduce costs and increase community involvement in local and rural railways.

The DfT expects the New Cross Country franchisee to co-operate with Community Railways where they interface with them.

Disability Discrimination Act

DfT expects bidders to detail in their bids their proposals to ensure compliance with the Disability Discrimination Act 1995 (DDA) (as amended by the 2005 Act). Bidders will be required to describe in detail their compliance strategy applicable to both stations and trains. In addition, they will be required to submit a consultation strategy with disability groups to ensure that the reasonable needs and requirements of such groups are identified and addressed, both with existing facilities and through enhancements. Bidders must outline their plans for staff awareness training and detail their procedure for the sale of tickets to disabled travellers.

Minor Works Fund

The New Cross Country franchise will not be required to establish and manage a Minor Works Fund for small scale physical alterations or additions to improve accessibility of stations to disabled persons as they will not be a station operator.

'Railways for All' Strategy

DfT's 'Railways for All' strategy was published in March 2006 and proposes to enhance accessibility of the rail network. The Access for All funding programme covers capital investment (for example in provision of step-free access), at the busiest stations together with an annual Small Schemes Fund which is intended to be sponsored by bodies including Train Operating Companies (TOCs), Local Authorities and PTEs for stations in England and Wales. For further information on this fund please contact miu@dft.gsi.gov.uk

Bidders should be aware of the DfT's Access for All and Small Schemes fund and co-operate with the implementation of works at stations designated for access improvements under the fund.

Engineering Access

The extent of the New Cross County network means that service alterations to allow Network Rail access to maintain the infrastructure are, and will continue to be, a regular event.

In developing the specification for the new franchise, DfT will work with Network Rail to decide whether changes are needed to Network Rail's engineering access principles.

Network Rail needs adequate access to the rail network to meet its maintenance and renewals obligations, and changes to access arrangements may enable it to undertake this work with greater efficiency or at a faster rate. Such considerations need to be balanced against the needs of rail users, and the opportunities for business growth at times when the railway has traditionally been offered a restricted service because of engineering possessions, e.g. Sunday mornings.

The principle of ensuring value for money to the industry will be sought in this trade-off between Network Rail's efficient use of resource to undertake engineering work, and the revenue and associated benefits of passengers wishing to travel at these times.

Stations

Cross Country do not currently operate stations. Cross Country have successfully worked with other train operators to ensure that passenger needs are well catered for at the beginning and end of their journeys. It is proposed that this arrangement continues in the New Cross Country franchise. Where there are no other operators serving a station, then it is proposed that an adjacent operator is the Station Facility Owner (SFO).

Bidders will be expected to demonstrate in their bids how they will work with station operators to achieve a continuing improvement in service levels at stations, address issues of safety and security, accessibility (both for disabled passengers and interchange with other modes of transport) and improvements to car parking and cycle storage.

DfT has adopted SRA's Cycling Policy (published by SRA in November 2004 and available on DfT's web-site) and bidders will be invited to outline their policy regarding bicycles, both on-train and with regard to access and storage at stations, which should reflect this.

Environmental Issues

DfT will require bidders for the franchise to demonstrate that they understand the environmental impact of the operation of the franchise and will work with DfT and others to reduce this impact over time in areas such as energy requirements, emission levels and waste disposal requirements.

Regional Spatial Strategies and Local Transport Plans

Bidders will need to demonstrate awareness in their bids of relevant emerging and adopted transport plans and strategies and highlight their plans to work with devolved administrations, Regional Agencies and Local Authorities with regard to delivery of both local and wider Government shared transport objectives.

The South East Plan and the South West Regional Spatial Strategy (RSS) have now been submitted to the Government offices and will be subject to Examination in Public (EiP) following consultation. The South East Plan sees growth concentrated in Milton Keynes/Aylesbury, Central Oxon, Western Corridor (Berkshire/South Bucks/North Surrey) and South Hampshire. With regards to the New Cross Country franchise the South West RSS sees growth concentrated in Plymouth, Exeter, Bournemouth and Bristol.

The RSS for East Midlands is currently under review with an EiP programmed for 2007. The RSS envisages growth in the south of the region (Northampton/Wellingborough/Corby) and the three cities area of Derby/Leicester/Nottingham. The RSS for East of England is awaiting the Panel Report following the recent EiP. The RSS growth points, for the purposes of the New Cross Country franchise, is the London-Stansted-Cambridge-Peterborough corridor. The RSS for West Midlands was published in June 2004 and is currently under partial review. The RSS focuses growth in the major urban areas (West Midlands conurbation and Stoke-on-Trent).

The Regional Spatial Strategy for Yorkshire and the Humber is expected to be published in Autumn 2007. Growth areas identified in the region centre on the Leeds city region and parts of South Yorkshire, particularly Sheffield.

The Regional Spatial Strategy for the North West of England is expected to be published in Autumn 2007. The Strategy identified growth points centred on the City Regions of Manchester (Manchester and Salford), Liverpool (Liverpool City Centre) and Central Lancashire (Preston, Blackburn, Blackpool and Burnley).

The Regional Spatial Strategy for the North East is expected to be published in Spring 2007. The Strategy identified growth points centred on the City Regions of Tyne & Wear (Newcastle and Sunderland and, to a lesser extent, Durham City) and Tees Valley (Middlesbrough and Darlington).

The Northern Way is being led by the three Northern Regional Development Agencies (RDAs) – Yorkshire Forward, One NorthEast and the Northwest Regional Development Agency and aims to improve access to/from Liverpool, Manchester, Leeds, Sheffield and Newcastle and the regions ports and airports.

Local Authorities outside London have now submitted their second Local Transport Plans (LTP2) to DfT for the period 2006-2011 and these are now being evaluated. Bidders should be aware of rail objectives in LTPs and work with Local Authorities in the feasibility and delivery of such schemes.

Transport Innovation Fund

The July 2004 White Paper ‘The Future of Transport’ announced the creation of the Transport Innovation Fund (TIF) which is designed to support local transport packages that encourage modal shift, raise new funding for transport schemes and enhance national productivity.

Local Authorities in seven areas in England have successfully bid for pump priming funding to develop demand management schemes. The seven areas are Cambridgeshire; Durham County Council; Greater Manchester; Shropshire County Council; Tyne & Wear; West Midlands conurbation and the four Bristol area Unitary Authorities. Bidders will need to be aware that demand management schemes developed may involve modal shift towards public transport including rail.

6. Procurement Process

The procurement process is designed to secure best value for money bids on behalf of rail passengers and tax payers. The process has two selection stages: accreditation and franchise award.

The purpose of the accreditation stage is to select (probably between 3 and 5) bidders best able to operate the New Cross Country franchise. Advertisements will be published in the Financial Times and the International Rail Journal seeking expressions of interest in the franchise. Interested parties will be able to download an accreditation document pack from the Department's website.

In assessing the accreditation responses the Department will use a pre-determined scoring system assessing whether applicants have demonstrated a proven track record of service delivery and financial management in relevant areas of activity and have an appropriate quality of management and the ability to manage franchise transition.

The applicants who qualify will receive an invitation to tender (ITT) to operate the New Cross Country franchise. The ITT will describe the Department's base service specification for the franchise and the required form of bid response.

The franchise contract will be awarded to the bidder who offers the Department the best, robust proposition to improve the financial and operational performance of the franchise in delivering the base specification and any priced options included in the ITT. A bid's ability to deliver will be assessed against a number of criteria including those which particularly impact on the passenger:

- a) Service Performance:** encompassing management and provision of the day to day operation including strategies to raise levels of punctuality and reliability;
- b) Customer Information** including, provision of customer information and external relations with customers and Community Rail Partnerships;
- c) Service Quality:** encompassing management and delivery of consistently good levels of service and security in the areas of station environment (also see below), train environment, car parking and revenue protection;
- d) Other passenger obligations including Transport Integration:** DfT will expect bidders to outline their plans for multi-modal integration of transport throughout the franchise area.

As part of the transport integration plans, bidders will be asked to consider items such as plans for managing connections and the potential for increasing 'through' ticketing, as well as the provision of information concerning connections to other transport modes at stations, including access to airports.

e) Mobilisation: encompassing the plans to mobilise the new franchise and then successfully merge elements of the different franchises into a single entity.

Incremental Changes

In addition to bidding in accordance with the base specification, bidders will be invited to propose incremental changes by which improvements can be made upon any element of the base specification. The bidder will be selected on the basis of their base specification and the DfT may choose to implement other incremental proposals.

Whilst being given sufficient flexibility, within given parameters, for their Incremental Changes, bidders should take into account the rights and aspirations of other operators, both freight and passenger.

Change Mechanism

It should be noted that the specification that is contractualised with the successful bidder is subject to change during the life of the franchise. The Change Mechanism is a facility within the franchise agreement that allows for changes in the specification and other aspects of the contract to be altered. The process is designed so that the “cost” of the change can be reflected and recognised by DfT and the franchisee through the use of the financial model that underpins the franchise agreement.

The Change Mechanism may be used where there is a financial change that exceeds a particular threshold. Depending on what the alteration is will dictate the degree of wider involvement in the process.

7. Variations to the Proposed DfT Base Case Specification

In addition to the Base Case specification, bidders will be asked to submit proposals for a number of priced options. The options might involve additional services, or in certain circumstances, a reduction in the level of service. These options represent schemes that:

1. require infrastructure investment to facilitate the operation of a service aspiration;
2. stakeholders have requested be included and which the DfT believe might demonstrate good value for money and can be funded by the authority concerned for the period of the franchise.

One of the purposes of this consultation document is to seek views as to whether there are any schemes that the DfT should include as priced options in the ITT. For parties wishing to propose increments or decrements to the Base Specification as priced options, the steps involved are:

1. Submission of proposed schemes by the close of the consultation period (7th August 2006) for consideration as possible priced options to be included in the ITT;
2. DfT considers each proposed scheme and assesses whether they should be included in the ITT subject to:
 - meeting the franchise objectives;
 - being operationally robust;
 - confirmation of funding for the franchise period; and
 - representing good value for money.
3. ITT to be issued in October 2006 in which priced options considered to meet the above criteria will be included.

It is important to note that stakeholders submitting proposals should provide sufficient evidence upon which the DfT can make an informed decision as to the suitability of the scheme for inclusion as a priced option. Where possible, this should include a business case and an operational feasibility assessment by Network Rail. If there is insufficient material to support a scheme, a compelling case would be needed for the scheme to be included as a priced option in the ITT.

It is recognised that for more complex schemes, the inclusion as a priced option would be subject to more thorough business case analysis and operational assessment before it could be implemented.

8. Major Schemes

The proposed DfT base specification does not assume any major infrastructure changes except the West Coast Route Modernisation. In as much as any such schemes are developed or implemented during the period of the franchise, the franchisee will be required to cooperate with these schemes.

The following may affect the franchise:

- Network Rail signalling renewals
- London 2012 Olympic and Paralympic Games

In addition bidders should speak to Transport Scotland and the Welsh Assembly Government with regard to the specification and funding of major schemes in Scotland and Wales.

Network Rail signalling renewals

Details of replacement and renewal schemes identified in Network Rail's Route Plans are available at www.networkrail.co.uk.

London 2012 Olympic and Paralympic Games

With London having been named as the Host City for the 2012 Olympic Games, the Olympic Delivery Authority (ODA) has been created by the London Olympic Games and Paralympic Games Act 2006. The ODA is looking to work with operators, Government, Network Rail and other rail industry parties to deliver the rail elements of its transport strategy.

As well as the main Olympic Park, there will be venues in and around London and across the country. Within the franchise area, Olympic football sessions are planned to be held at the following locations:

- St James' Park, Newcastle
- Old Trafford, Manchester
- Villa Park, Birmingham
- Millenium Stadium, Cardiff

There may be spectator demand for New Cross Country services arising from these events as well as spectator demand for services to access the venues and cultural events.

Bidders will not be asked to include the provision of Olympic services within their bids but should acquaint themselves with the Olympics clause within the Template Franchise Agreement.

9. Third Party Promoted Schemes

Whilst the Base Case includes no assumed new projects, DfT is aware of a number of schemes that could, subject to feasibility and funding, be delivered during the life of the new franchise. If delivered, standard industry processes would be used to progress them. Bidders will be encouraged to work with 3rd party promoters to develop the feasibility of these projects.

Reading Station

Reading is a bottleneck as well as a key interchange on the route and the local authority, the rail industry and regional partners have funded feasibility studies of possible interventions to improve train capacity and flow to and through the station. This has been identified as a regional priority. Network Rail is due to replace the signalling at Reading during the franchise period and any works would best be carried out at the same time as resignalling. Third party funding may also be available to develop the concourse and wider station environment

Worcester Parkway

Worcestershire County Council has undertaken studies in 2002 and 2004 to assess the feasibility of a new park and ride station in Worcester to provide access to national long-distance rail services. Further business case development work is required.

Worle Strategic Interchange

North Somerset Council, together with a consortium of partners, has an aspiration to improve Worle station to facilitate calls by inter-city services, provide improved park and ride facilities and allow for better interchange with the M5. Further feasibility and business case development work is required.

Gloucestershire Parkway station

Gloucestershire County Council have an objective to deliver a park and ride new station near Gloucester and are currently undertaking detailed timetabling and feasibility work. Earlier studies indicated a potentially viable business case. Should funding be secured Gloucestershire County Council anticipate completion of the station by 2011 with an integrated bus, park and ride and railway station.

Kenilworth station

Outline business case development and feasibility has been undertaken by Warwickshire County Council for a new station at Kenilworth to be served by the New Cross Country franchise. DfT is currently evaluating the work recently undertaken.

10. Consultation

Consultees are requested to comment on aspects of the proposed DfT base specification they welcome and support and those areas where they have concerns. DfT would also welcome formal notification of any specific increments to the base specification that stakeholders wish to purchase as part of the franchise.

This consultation is issued in accordance with the Cabinet Office Code of Practice included at Appendix 4, although ministerial approval has been given to a shorter consultation period of 60 days in order to enable representations from consultees to be reflected as necessary in the specification within the ITT.

A Regulatory Impact Assessment is not considered appropriate as no policy changes are proposed.

Action following consultation

Following the consultation period, DfT will consider responses, undertake such further analysis as might be necessary, and if appropriate include within the ITT as part of the Base Specification or as a priced option.

Invitations to consultees

A list of bodies formally consulted is set out in Appendix 2.

Members of the general public may wish to make their views known to their local County, Unitary Authority, Metropolitan Council or London Borough.

Information provided in response to this consultation, including personal information, may be published or disclosed in accordance with the access to information regimes (these are primarily the Freedom of Information Act 2000 (FOIA), the Data Protection Act (DPA) and the Environmental Information Regulations 2004).

If you want the information that you provide to be treated as confidential, please be aware that, under the FOIA, there is a statutory Code of Practice with which public authorities must comply and which deals, amongst other things, with obligations of confidence. In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Department.

The Department will process your personal data in accordance with the DPA and, in the majority of circumstances, this will mean that your personal data will not be disclosed to third parties.

It should be noted that not every submission made by members of the general public will receive a response.

This document can be made available in an accessible format on request.

Responses to this consultation should be sent to:

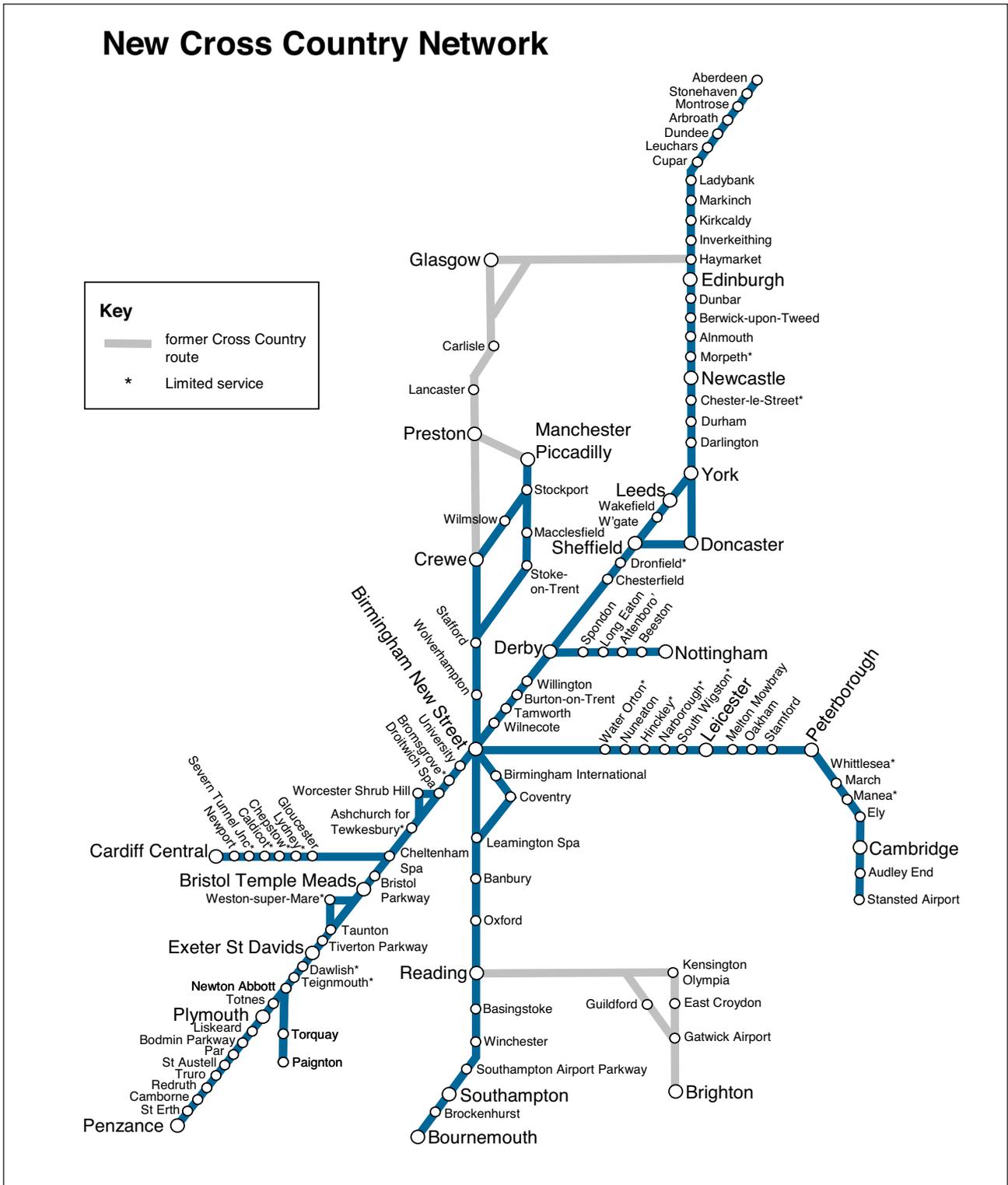
New Cross Country Franchise Procurement Consultation Manager
DfT Rail Group
Great Minster House
76 Marsham St
London SW1P 4DR
Or by email to: newcrosscountryconsult@dft.gsi.gov.uk

The deadline for responses is 7 August 2006; earlier replies will be very welcome.

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Appendix 1: map of New Cross Country franchise area



Appendix 2: List of Formal Consultees

ACoRP

ACTVaR

Advantage West Midlands

ATOC

BAA

Birmingham International Airport

Corporation of London

East Midlands Development Agency

East of England Development Agency

Freight Transport Association

Government Offices for London; East of England; East Midlands; North East; North West; South East; South West; West Midlands; Yorkshire Humber

Greater London Authority

Greater Manchester PTE

HITRANS

JSPTU (Berkshire and Bristol)

Merseytravel

Metro

Metropolitan, County & Unitary authorities within the New Cross Country franchise area

London Boroughs within the New Cross Country franchise area

London Development Agency

London TravelWatch (formerly known as London Transport Users Committee)

National Assembly for Wales

National Rail Contractors Group

Network Rail

NESTRANS

Nexus

North West Development Agency

Office of Rail Regulation

One North East

Passenger Focus (formerly known as Rail Passengers' Council)

Rail Freight Group

Regional Assemblies – East Midlands; East of England; South West; South East; North East; North West; Yorkshire & Humber and West Midlands

Rail Freight Operators Association
Rolling Stock Leasing Companies
Scottish Executive
SEEDA
SESTRANS
Sheffield One
South Yorkshire PTE
South West RDA
TACTRANS
Transport for London
Transport Scotland
WESTRANS
Yorkshire Forward

Appendix 3: Glossary of Terms

Access for All: A fund to be established for accessibility improvements at stations.

CLE: Central London Employment.

Clock face timetable: A timetable in which a fixed service pattern is repeated at regular intervals during the day.

DDA: Disability Discrimination Act.

DfT: Department for Transport.

DTI: Department for Trade and Industry.

GDP: Gross Domestic Product – a measure of the economic performance of the region or nation.

ITT: Invitation To Tender.

LENNON: Latest Earnings Networked Nationally OverNight, a suite of computer programs by the Rail Settlement Plan to collect and process passenger revenue and other settlements for TOCs and 3rd parties.

Minor Works Fund: A budget, set at commencement of a new franchise, for minor works to improve accessibility.

PDFH: Passenger Demand Forecasting Handbook – a document which provides detailed information on the handling of forecast demand and growth on train services.

PPM: Public Performance Measure which measures the performance (punctuality and reliability) for all scheduled passenger rail services, seven days a week.

SLC1: Service Level Commitment 1 i.e. the timetable that the New Cross Country franchisee will operate from November 2007 to December 2008.

SLC2: Service Level Commitment 2 i.e. the timetable that the New Cross Country franchisee will operate from December 2008 throughout the franchise term, subject to agreed changes through the Franchise Agreement's Change Mechanism.

SRA: Strategic Rail Authority.

TEMPRO: A source of data for transport planning purposes provided by DfT.

TOC: Train Operating Company.

Transport Innovation Fund: A DfT fund to support the development of transport schemes that feature demand management as part of efforts to tackle local congestion and encourage modal shift.

UK Advert: the “call for competition” as advertised in the International Rail Journal and Financial Times.

Appendix 4: Code of Practice on Consultation

The code of practice applies to all UK public consultations by government departments and agencies including consultations on EU directives.

Though the code does not have legal force, and cannot prevail over statutory or other mandatory external requirements (e.g. under European Community Law), it should otherwise generally be regarded as binding unless Ministers conclude that exceptional circumstances require a departure.

The code contains six criteria. They should be reproduced in all consultation documents. There should be an explanation of any departure from the criteria and confirmation that they have otherwise been followed.

Consultation Criteria

- Consult widely throughout the process, allowing a minimum of 12 weeks for written consultation at least once during the development of the policy.
- Be clear about what your proposals are, who may be affected, what questions are being asked and the time-scale for responses.
- Ensure that your consultation is clear, concise and widely accessible.
- Give feedback regarding the responses received and how the consultation process influenced the policy.
- Monitor your department's effectiveness at consultation, including through the use of a designated consultation co-ordinator.
- Ensure your consultation follows better regulation best practice, including carrying out a Regulatory Impact Assessment if appropriate.

A full version of the code of practice is available on the Cabinet Office web-site at:
<http://www.cabinet-office.gov.uk/regulation/consultation/code.asp>

If you consider that this consultation does not comply with the criteria or have comments about the consultation process please contact:

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Consultation Co-ordinator
Department for Transport
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105 Victoria St
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e-mail: Consultation@dft.gsi.gov.uk